



CITY OF BOSTON, MASSACHUSETTS
Office of the Mayor
Thomas M. Menino

**Remarks of Mayor Thomas M. Menino
Boston Municipal Research Bureau
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(Prepared for delivery)

Good afternoon and thank you for inviting me to speak with you. This is an important week for the Municipal Research Bureau. It turns 70 years old.

The Research Bureau has been around so long that it has witnessed the Great Depression, the victory in World War II, the rise and now the fall of the Central Artery.

You've seen our city change with each new wave of immigrants. You watched our economy evolve from manufacturing to the health care capital of the world. And you saw a revival in Boston's neighborhoods.

And last year, you witnessed the end of an era. Our longest economic expansion came to a halt. Our sense of security was shattered. And budget surpluses dried up.

It is a new era – an era filled with challenges and great opportunity. And because last year forced all of us to reflect and define our priorities, we are on the verge of a great new day for Boston.

Today, political leaders are faced with the same challenges—a struggling economy, shrinking revenue, and a growing demand for services.

Every public leader stands at a crossroad. Each one of us is faced with profound choices in governing. Just like Faust, some are tempted to make a bargain to solve our problems. They want to take the easy road—the one that makes a deal to cut services and increase reckless tax cuts. But that deal comes at a long-term price that puts our state and our country in jeopardy.

I want to take the other road—the difficult one that forces us to find long-term solutions. We face tough questions. How do we balance our budgets and continue to put people first? How do we act as a catalyst to spur economic growth? How do we create progress and possibilities in a world of uncertainty?

We do it by governing with conviction.

By holding on to what is right and by never losing sight of our priorities, we can balance a budget that puts people first. We can build on our economic strengths to create jobs and growth.

Just look at the good things that are happening in our city. Last month, over a million fans filled the streets and City Hall Plaza to safely celebrate the Patriots' victory. We're working hard to bring the National Conventions to Boston in 2004. Development is moving forward. Steel is going up on the Convention Center, 1 Lincoln St. and 33 Arch Street. We are building housing for working families. In the last year and a half, we permitted 4,600 units, and we preserved 2,200 units from being converted to market rate. And Boston's bond rating remains strong at Double A2.

I am proud of our bond rating. It sends the message that Boston is a good investment. We know how to manage our finances and make the most of our resources.

Right now, there is a lot of pressure on the state, the federal government, and the city to manage our finances wisely. And I am concerned.

I am concerned that the federal government wants to cut: more than \$500 million in job training money, almost \$400 million in funding for housing, and almost \$200 million from the Youth Opportunity Grants.

The President says that public safety is his top priority. So why is he proposing to eliminate the COPS program and the Local Law Enforcement Block Grant? This is bad public policy at a time when many of our gains against crime and drugs are being threatened.

I am concerned that the state has already cut millions in summer jobs, after-school programs, housing and mental health. And they are planning to cut even more.

These decisions make tough times even tougher. They kick people when they are down. And that's not what good government is about.

Today I am calling for a moratorium on the tax cuts. We need to postpone them: at the state and at the federal level.

They were both put into law in a different time – when there were billion dollar surpluses.

Times have changed. People understand that--in the state and across our nation. If you ask people whether they favor postponing the tax cuts so we can invest in education, pay down the debt, and save social security, the vast majority say yes.

With a return to deficit spending in Washington, and a state budget crisis that grows larger each day, tax cuts don't make sense. They were ordained for short-term gain. Let's postpone them until stronger economic times.

In Massachusetts, this would bring almost \$374 million in revenue. It's not enough to solve our state's crisis, but that's money we could invest in education, job training, and housing.

This year, balancing the city budget is particularly challenging. We anticipate a massive cut in state aid - one of our largest sources of revenue. And we expect a \$50 to 100 million short fall.

It's a real challenge to close a gap like that, but we will. And we have already taken some steps. At the beginning of the year, I gave my Department Heads a directive – start from zero and justify every dollar spent. Everyone at City Hall understands that we have to do more with less.

Several months ago, we put a control board in place to oversee workforce reduction. In next year's budget, we will eliminate jobs that have remained vacant. This will save the city \$2 million.

I also support a targeted Early Retirement Incentive Program. It will be modeled on the state's ERI. It will save the city between \$2-3 million next year. And our goal is to restrict backfill to 20 percent.

I am also freezing all non-union management salaries. It will save \$500,000 next year.

Last week, I asked the City Council to put our salary increases on hold until the economy is stronger. And I want to thank them for doing the right thing.

During the good times, I was proud to make a strong investment in the arts – and increased the budget by 37 percent. I was proud to make a strong investment in parks. Last year, we planted over 2000 trees. And I was proud to increase our funding for repairing and cleaning our streets.

But this year, we can't fund everything that we want. We have to focus on the things we need. These kinds of cuts will help, but they won't close the gap.

We need to make cuts in valuable city services in order to mitigate the impact on our core priorities like education and public safety.

The Boston Police Department will hire civilians to answer phones and perform other administrative tasks, so that more officers are deployed on the streets. This plan reduces costs and improves public safety. And last week, the school department took the first steps in closing a gap of more than \$40 million in their budget. By looking at administrative costs and transportation services, we are striving to save money without sacrificing our commitment to teaching and learning in the classroom.

These decisions won't be easy. But making tough decisions is what governing with conviction is all about.

We are making the most of the resources we have, and we are finding new sources of revenue.

Today, I am asking the state to pass a 1 percent meal tax that will benefit the city of Boston. That's one penny on each dollar. And these pennies could add up to more than \$15 million a year. It's always an honor for Boston to host events like the Patriots' celebration and the Tall Ships. People from all over get to visit our city, and that alone is a benefit. But right now, we need this extra contribution to create new revenue.

Boston provides exemptions that other cities don't. And these exemptions add up. For example, we don't charge telecommunications companies to use our right of way for their lines. That means we lose almost \$9 million a year. It is standard procedure for companies to pay these fees – they do it in New York, Chicago, Austin – and they should do it in Boston.

The city will also increase revenues by raising certain fees to cover costs. Today, Boston is the only city restricted to charging \$12 to tow cars. If we increase that fee to \$75—the same rate as most cities and towns—we can increase revenue by \$1.4 million.

And I am asking the state and the City Council to support us on these initiatives.

To balance our budget, we are finding other creative ways to save money.

The city needs to use its property more efficiently. So I am assembling a team to conduct a nine-month study. They will review every building so we can save and make better use of the space we have.

We can also look at streetlights. NSTAR owns and maintains a third of Boston's. They say that you can't buy anything for a dollar these days. But you can. You can buy 23,000 streetlights from NSTAR--and save \$2 million.

Boston can and should do more to recycle. When we do, we save \$52 per ton on trash disposal. If more residents recycle, then Boston could save millions.

Everyone knows that there is strength in numbers. And we need to work together as a region to solve some of our current problems. I am already working with Mayors from the surrounding cities and town. We established an LNG Task Force to keep our harbor safe. And we will continue to work together on emergency management.

We are also making progress on our common goals - like creating better access to quality healthcare. The city of Chelsea purchases health insurance with us. This partnership enables Chelsea to provide quality plans for less money. It's no wonder that several of our neighbors want to join in. It just makes sense.

If this model works in health care, it will work in other areas – like energy, prescription drugs and affordable housing. I know that working together, mayors can get things done.

This May, I will become president of the U.S. Conference of Mayors. And I will fight to make sure that Boston –and cities across the country –get the funding we need to protect our people. And I will work hard for our schools and make housing a national priority.

Cities are the heart and soul of America.

And I am so honored to have this chance – at this moment – to remind people that the strength of our nation depends on the strength of our cities.

There are creative ways to look at our budget so that we can do more with less. Many programs are worth fighting for because they help us prepare for the next economic expansion. Just look at summer jobs.

We can't back away from our commitment to young people. If you are involved with summer jobs programs, thank you. To get involved, you don't have to be Fleet or John Hancock. Small businesses have just as much to offer our young people.

These jobs are about more than work. They teach young people new skills to keep them on the right track. And you know what, our kids are smart and they work hard. And they need mentors like you.

Set aside at least one job for a Boston teenager. It's just six weeks. It's not a lot of time. It's not a lot of money, but it makes all the difference in the world.

Educating our young people is a critical part of our long-term economic recovery.

As Mayor, I won't let economic development come to a grinding halt during these tough times. Just last week, the Zoning Commission approved billions of dollars of development in our city. They approved the Fan Pier Project and Midway.

In December, we reached an agreement on 100 acres on the Waterfront. I want to thank Jim Kilts from Gillette for bringing folks together from his company, the U.S. Post Office and Beacon. Now the Fort Point Channel area has a plan that will bring new life to this part of the City.

Development on the Waterfront is moving forward. The Silver Line is making progress. The skeptics – and there's always a surplus of them – said it couldn't be done.

But we have reached – and exceeded – important milestones. Our first milestone was to construct 2,800 hotel rooms and what did we do? We constructed 3,200. The next milestone is to complete 4,800 hotel rooms before the Convention Center opens in 2004. We expect to open more than 6,000 new rooms – and this does not even include the Starwood Hotel.

This month a report will be published about hotels in Boston. Based on the progress that I've seen, I think we're doing a great job. And I want to thank everyone who stuck with us to transform this waterfront from a land of parking lots into a land of opportunity.

We can create opportunities by developing our strengths. Just look at our health care industry.

Every year, Boston receives more than \$1 billion in federal research and development funds. That's from the NIH alone. And it creates more than 10,000 jobs.

There is a huge demand for the development of biomedical and research facilities. We know the Longwood Medical Area is overcrowded, and we started a new master plan.

In December, I launched a plan to expand our health care industry to the Crosstown Corridor in Roxbury. Already one project in the area, Crosstown Place, is taking shape. The Empowerment Zone has approved \$7 million in funds for investment. The new Fairfield Hotel has been approved. I have met with president Larry Summers to explore how Harvard could expand its medical school complex to the area. And Boston University has come on board and will lease 120,000 square feet of the office building. And I want to thank president John Westling for leading the way.

The community, hospitals, and other institutions must work together. That's what the Roxbury Master Plan called for, and that's what we are going to do. We all share the common goal to create jobs, improve education, and strengthen the neighborhood.

One way to do that is by creating a degree program for biotech at Roxbury Community College. That way people in the neighborhoods will have an opportunity to get the jobs that are in demand. And it gives companies the trained workforce that they need.

I know that our plans for Crosstown are ambitious. There are a lot of people involved and many voices that need to be heard. But together, we can make this development happen - and happen in the right way.

Another core industry in Boston is higher education. Our private colleges and universities are among the best in the world. And our public institutions should be just as good.

A strong economic recovery will depend on a well-trained workforce. So why has the state cut more than \$25 million from its higher education budget?

This year, Massachusetts was one of only five states in the nation to reduce spending on higher education. So when it comes to investing in higher education, we're 50th – dead last.

Boston's goals for education reform don't end when our kids graduate from high school. The state has helped Boston so much with preparing our young people for college. Let's continue this partnership and open the doors of higher education to more of our students. This should be a city and statewide effort because all our kids deserve a top-notch education.

The fact is, while our economy struggles, our innovative programs, good planning, and solid partnerships have prepared us for the challenges ahead.

And there is no greater challenge than planning the Central Artery.

We have the opportunity of a lifetime, and it's our responsibility to get it right.

Many dedicated people have worked on this issue including: The Legislative Commission, my own Task Force, Boston 2000, the Artery Business Committee, and so many advocates. And there have been a number of studies on how to use, govern, fund, and maintain this open space.

I suspect that everyone in the room has noticed our special guest. And it's my pleasure to introduce the Speaker of the House of Representatives Thomas Finneran.

The Speaker and I have had several conversations about this issue. And with his agreement, I want to share some of our thoughts with you.

We both agree that the open space should be accessible to everyone. It should be managed by a broad-based organization. And we need to create a steady revenue stream to make sure that this park is always considered the gem in the heart of Boston.

Today, we propose legislation to create a not-for-profit entity to plan, manage, maintain, and operate the open space.

This entity will have three parts. First there will be a Board of Trustees appointed by the Speaker, the Senate President, the Governor, and me. They will have fiduciary responsibility for the organization. Second there will be a Board of Directors made up of the interested parties who have worked so hard to make this corridor special. They include the Artery Business Committee, the Boston Society of Architects, the Greenspace Alliance, the Massachusetts Horticultural Society, organized labor, and others. And third, we envision a broad-based Advisory Group to direct the matters of policy for the Board of Directors.

In order to fund this great endeavor, we propose a special taxing zone. Abutters and others who will benefit most will contribute to operating funds through real estate taxes. This incremental tax will exempt residential properties. It will be spread out fairly to keep commercial taxes as reasonable as possible.

The tax district will be defined from South Station to North Station and from the Waterfront to City Hall. We believe that sharing the costs with those property owners

who will directly benefit is fair, equitable, and satisfies our need to have a sustainable revenue stream for the future.

Capital dollars will be different. We will seek one-time endowment dollars from the state, city, and others to plan and construct the various features of the corridor. The Turnpike Authority has committed \$31 million as initial capital money.

This project won't happen over night. Right now, the state and the city aren't in a position to commit the dollars we need. The project—and acquiring the funding-- will be done in phases.

But as many of you know, I am not a patient man.

That is why we are joining forces with the Massachusetts Horticultural Society to build a world-class botanical garden on the gateway parcel near South Station. The public will enjoy this garden and it will serve as a walkway from South Station to the Financial District.

We will bid to bring an International Topiary Exhibit to Boston in 2004-2005. This exhibit--last held in Montreal--will show the potential for this land and bring people out to enjoy it as soon as the steel comes down.

I want to thank the Speaker for his help on this issue. His efforts brought us closer to the day when this great city has a world-class open space right in the heart of our downtown.

We will create the draft legislation together. And I hope that we can all move forward.

We have a rare opportunity to undo the mistakes of the past. The highway cut our downtown in half. We have the chance to stitch it back together. And by working together we can get it right.

In recent days, we've heard some encouraging news about the economy. And that good news is great for the city of Boston.

But in the short-term I know that families are hurting. They're worried about their jobs, pensions, and housing. That's why when we talk about balancing the budget we have to remember what really matters is that people's lives hang in that balance.

We can't just sit back and wait for the next economic boom. We need to create more opportunity now. We can't let the old myth that everything grinds to a halt during tough times – prevent us from taking advantage of the opportunities that surround us.

These opportunities are real. And we will make the most of them.

In tough times, some people can only see problems. I see possibility and progress for Boston now – and for many years to come.

